

ODISHA ELECTRICITY REGULATORY COMMISSION
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No.DIR (T)-368/09/13

Dated- .06.2017

To

The Chief Executive Officer,
CESU, 2nd Floor, IDCO Tower
Janpath, Bhubaneswar

Sub: **Review of Performance of CESU for the FY 2016-17 held in OERC on 23.05.2017.**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the aforesaid report for your information and necessary action.

Yours faithfully,

Encl: As above.

Secretary

Copy to:

- i) The Principal Secretary, Department of Energy, Govt. of Odisha along with copy of the enclosure for favour of information.
- ii) The CMD, GRIDCO, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.
- iii) The CMD, OPTCL, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.

Encl: As above.

Secretary

Record Note of Performance Review of CESU held on 2305.2017 at 11.00AM in the Hearing Hall, OERC in the presence of the Commission

Date of Review : 23rd May, 2017
Period of Review : 2016-17

The performance of CESU for the FY 2016-17 was reviewed by the Commission on 23rd May, 2017 at 11.00 AM in the presence of senior officials of CESU.

The Commission reviewed the billing and collection position of the CESU for the period from April to September, 2016.

The details of performance of CESU as indicated in its presentation on key performance indicators are as follows:-

Table-1

REVENUE PERFORMANCE OF CESU			
	Actual for FY 15-16	Actual for FY 16-17 (April- March)	Approval for 2016-17
Energy input (MU)	8366.575	8139.36	8570.00
SALE TO CONSUMERS (MU)			
EHT	1229.82	975.27	966.54
HT	1065.74	1105.26	1234.14
LT	3275.25	3408.06	4398.22
TOTAL	5570.81	5488.59	6598.90
DISTRIBUTION LOSS (%)			
LT	40.45	37.87	23.66
OVERALL	33.42%	32.57%	23.00%
BILLING EFFICIENCY (%)			
LT	59.5%	62.1%	76.30%
OVERALL	66.60%	67.4%	77.00%
COLLECTION EFFICIENCY			
LT	88.53%	92.89%	91.00%
OVERALL	94.26%	96.56%	105.00%
AT & C LOSS (%)			
LT	52.79%	42.29%	24.42%
OVERALL	37.24%	34.89%	23.77%

Commission's Observations:

The Commission compared the figures relating to business operation of CESU from April 16-March 17, 2016-17 to that of same period in 2015-16. The key observations are as follows:-

1. The total number of consumers rose to 21.697 lakh as on 31.03.2017 with increase of 54935 nos. from 31st March, 2016.

2. EHT sales has reduced from 1229.82 MU in 2015-16 to 975.27 MU in FY 2016-17 indicating a fall of 20.70%, whereas HT sales has increased by 3.7% from 1065.74 MU to 1105.26 MU during the same period. It came to the notice of the Commission that some of the EHT consumers of i.e. ESSAR Steel, M/s T S Alloys, Aarti Steel have opted for open access. On the other hand LT sales has gone up significantly by about 133.00 MU from 3275.16 MU to 3408.06 MU during the same period FY 2016-17 indicating a rise of 4.10%.
3. The Chairperson vented his displeasure over the revenue deficit of Rs.212.00 crore for the year 2016-17, which reflects poor performance by CESU.
4. The Chairperson observed that in spite of 5% increase in billing efficiency, there is reduction in billing amount. CESU replied that this has resulted due to increase in permanent disconnection of consumer in CED area. Chairperson instructed CESU to closely analyse the reason further and arrest decrease in billing amounts.
5. In spite of numerous directions of the Commission and introduction of franchisees, there is no significant improvement in overall and LT billing efficiency. The LT billing efficiency during FY 2016-17 has remained at 62.1%. However, LT billing efficiency has increased from 59.50% during FY 2015-16 to 62.1% in FY 2016-17. The billing efficiency is less than 50% in certain divisions such as NED, CED, AED, SED & ANED. CESU stated that RUPL & SUPL are not operating as per its advice which are franchisees in those areas. This is an area of concern to be closely monitored at senior level.
6. The Commission wanted to know why the distribution loss in CDD-II, which is basically an urban area, is high in comparison to CDD-I. It was also noted by the Commission that the distribution loss in Paradeep Division is at higher level. The Commission directed CESU to undertake meter checking and feeder auditing in these areas and all other actions necessary to improve performance.
7. The Commission directed CESU to verify whether Section 126 is imposed on the consumers indiscriminately in RUPL and SUPL area. The management of CESU to monitor indiscriminate misuse of authority and take remedial action, if necessary.
8. The Commission further directed CESU to ensure that the revenue collection in franchise areas is fully deposited in CESU account. The Commission opined that CESU should list the problems in the franchisee areas and initiate proactive measure to solve them quickly. Appropriate audits should be made.
9. The Commission observed that the defective meter replacement in franchisee area has become very slow. It came to the notice of the Commission that in RUPL and SUPL areas the meter

fixing shortfall is more than 45,000 nos. The Commission directed that meter rent should be kept separately in an account for procurement of meters as per requirement.

10. The Commission felt that for consumer indexing purpose it is better to tag them with the respective 11 KV feeder.
11. The Commission emphasized that enhanced involvement of SHGs can improve billing and collection as known from the past experience of CESU. Therefore, CESU should scale up the involvement of SHGs at block levels with the help of other departments like PR Dept., Mission Shakti and others.
12. The Commission stated that Executive Engineers should focus on the consumers who are keeping the bill in arrear in respective divisions. It came to the notice of the Commission that around 20,247 nos. of consumers in CESU area are having arrear bill of more than one lakh rupees each. As per receivable audit these are collectible. All Executive Engineers shall report achievements on special drive from collection of arrears from these consumers.
13. The overall collection efficiency has increased by 2.3% in the relevant period from 94.26% in FY 2015-16 to 96.56% in FY 2016-17. There was increase in LT collection efficiency from 88.53% in FY 2015-16 to 92.89% in FY 2016-17.
14. The overall distribution loss decreased by 0.8% from 33.42% in FY 2015-16 to 32.57% during the period FY 2016-17.
15. The overall AT & C loss decreased by 2.35% from 37.24% in FY 2015-16 to 34.89% in FY 2016-17.
16. On Energy Audit, CESU submitted that out of 156 Nos. of 33 KV feeders only 108 Nos. have been audited. Out of 827 nos. of 11 KV feeders 650 nos. of feeders have been audited. Out of 59,910 Nos. of DTRs, only 286 Nos. have been covered under audit. This has to be completed in all feeders by December, 2017.
17. The Commission had directed CESU in last review meeting to file a report on meter seal irregularities in Bhubaneswar within seven days. In this context, CESU submitted that they had issued letter on 15th March, 2017 and the concerned person was suspended and other eight officials who were involved in the case would be transferred. The Commission expressed displeasure over slow progress in administrative action and directed to complete the action within 15 days.
18. The technical loss was high in spite of system strengthening. There should be special efforts to reduce the technical loss. The technical loss should be limited to 5%.

19. ENZEN has given proposal for feeder separation at Angul and submitted the report. Action should be taken in this regard on priority basis.

Directives of the Commission:

1. Commission expressed its displeasure over the performance of CESU on loss control in LT network. Energy audit and close monitoring in coordination with franchisees can improve the performance. Monthly progress shall be reported to the Commission.
2. CESU needs to take proactive steps to realize revenues from the consumers. EHT & HT arrear should be reviewed directly by CEO. Special emphasis should be on arrear collection of Rs.607 crore from 20,247 consumers within this financial year.
3. All defective three phase meters should be replaced immediately.
4. The Commission directed CESU to complete consumer indexing by the end of this financial year.
5. The consumers should be tagged to feeder for consumer indexing purpose.
6. Entry of mobile numbers of all consumers under Urja Mitra Scheme should be completed by end of June, 2017.
7. Detailed plan for of AB cabling should be placed before the Commission.
8. All left over materials in CAPEX plan shall be utilised in full.
9. RAPDRP should be carried out at faster pace so that the work will be over within the scheduled period. The CEO must review it from time to time.
10. Meter rent should be kept in separate account for future procurement of meters.
11. The Commission advised CESU to make an attempt to source fund from District Mineral Foundation fund or similar other fund for infrastructure development.
12. DESI scheme should be completed by December, 2017.
13. CESU must explore the possibility of engagement of SHGs in its area in MBC activities.
14. The Executive Engineer should target the consumers having revenue arrear of more than one lakh rupees. CESU should file a report in this regard each month.
15. CESU shall examined enquire into the allegation that Section 126 is being arbitrarily and indiscriminately used in RUPL and SUPL area and resolve the issues.
